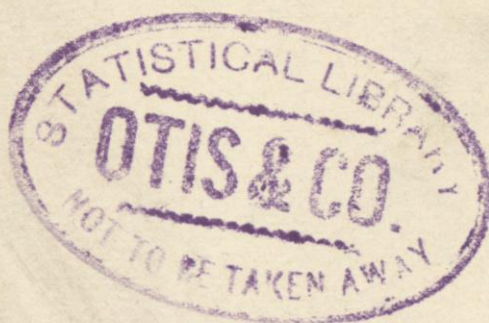
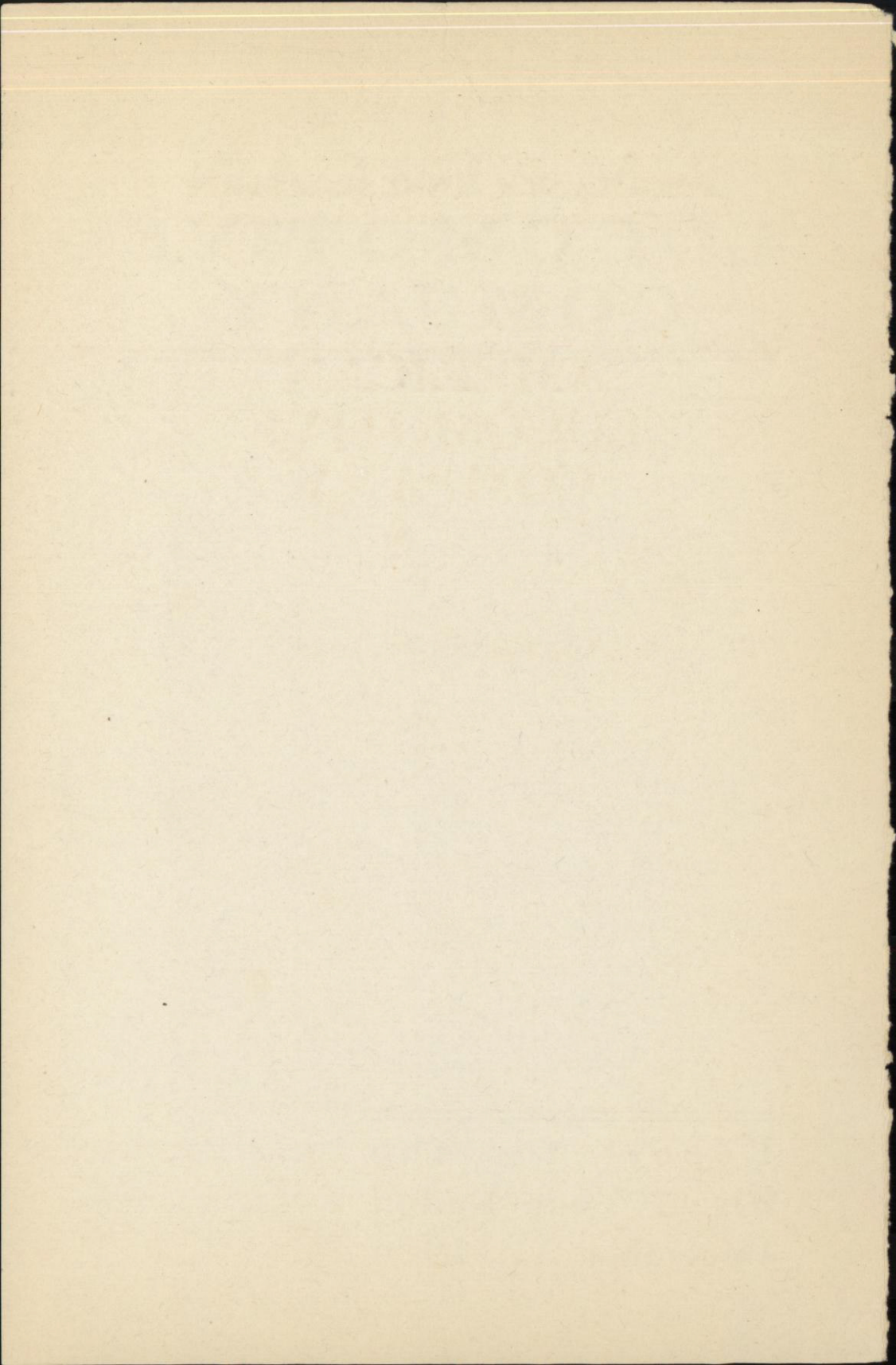


AMERICAN LOCOMOTIVE COMPANY



MRB
CORP. FILE

**Report for the
Fiscal Year Ended
December 31, 1920**



NINETEENTH ANNUAL REPORT

**AMERICAN
LOCOMOTIVE
COMPANY**

DECEMBER 31, 1920

General Offices of the Company

30 Church Street, New York

Transfer Agents and Dividend Disbursing Agents

Bankers Trust Company, 16 Wall Street, New York

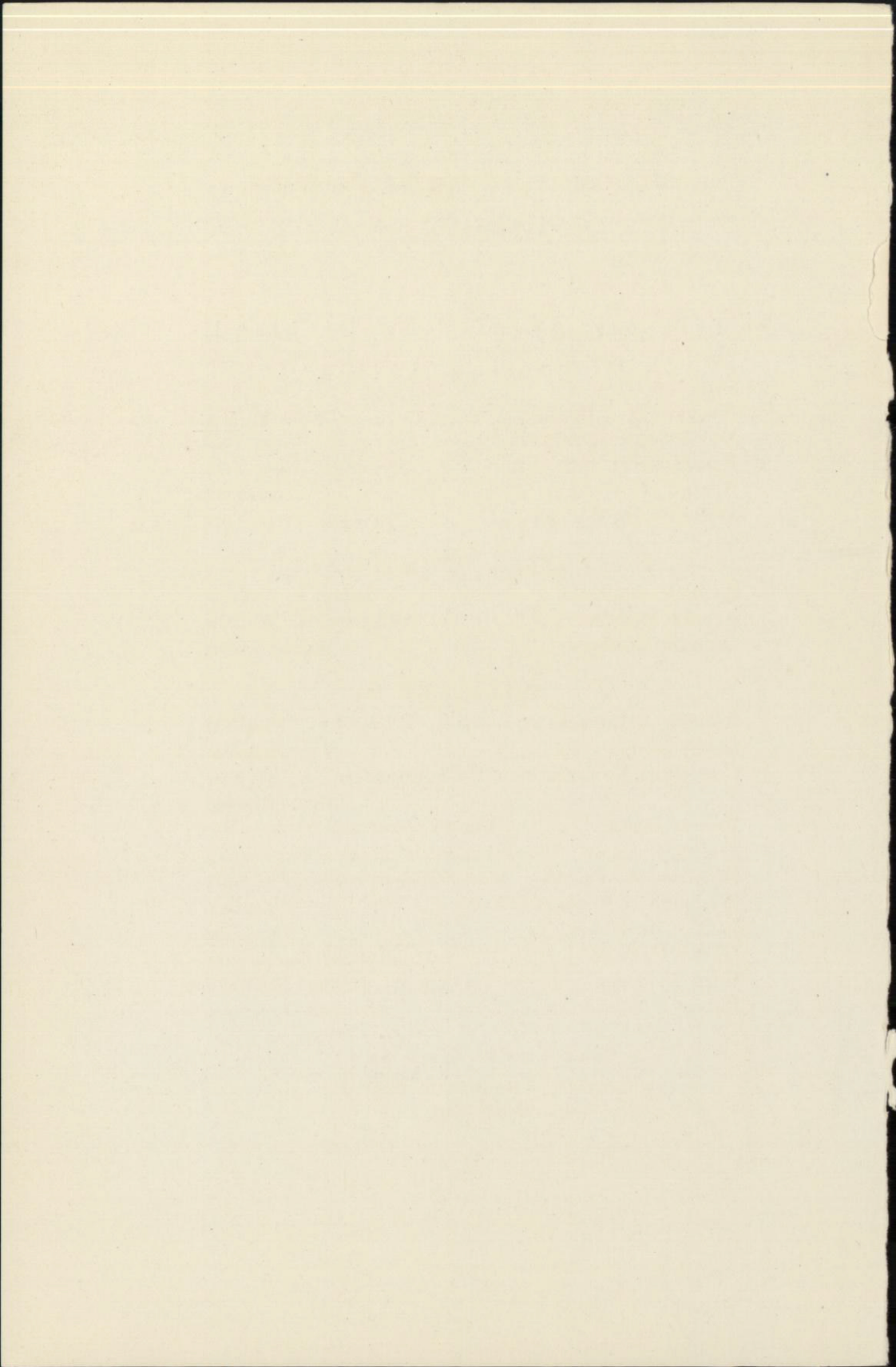
Registrar of Stock

The Guaranty Trust Company of New York

140 Broadway

Location of Plants

Schenectady Works	Schenectady, New York
Brooks Works	Dunkirk, New York
Richmond Works	Richmond, Virginia
Pittsburgh Works	Pittsburgh, Pennsylvania
Cooke Works	Paterson, New Jersey
Montreal Works	Montreal, Canada
Chester Works— <i>Steel Castings</i>	Chester, Pennsylvania
Accessories Plant	Richmond, Virginia



AMERICAN LOCOMOTIVE COMPANY

Directors

LEIGH BEST	New York
LEWIS L. CLARKE	New York
JOSEPH DAVIS	New York
ANDREW FLETCHER	New York
JOHN W. GRIGGS	Paterson, New Jersey
CHARLES HAYDEN	New York
ANDREW W. MELLON	Pittsburgh, Pa.
W. SPENCER ROBERTSON	New York
FREDERICK H. STEVENS	Cazenovia, New York
ALBERT H. WIGGIN	New York
WILLIAM H. WOODIN	New York

Executive Committee

ANDREW FLETCHER	LEWIS L. CLARKE
ALBERT H. WIGGIN	WILLIAM H. WOODIN
CHARLES HAYDEN	JOSEPH DAVIS

Officers

ANDREW FLETCHER	<i>President</i>
LEIGH BEST	<i>Vice-President</i>
COLUMBUS K. LASSITER	<i>Vice-President, in charge of Manufacturing</i>
JOSEPH DAVIS	<i>Vice-President and Comptroller</i>
JOSEPH B. ENNIS	<i>Vice-President, in charge of Engineering</i>
DUNCAN W. FRASER	<i>Vice-President, in charge of Sales</i>
W. SPENCER ROBERTSON	<i>Secretary</i>
J. OAKLEY HOBBY, JR.	<i>Treasurer</i>
HARRY FULTON	<i>Assistant Comptroller</i>
JOHN D. FINN	<i>Assistant Secretary</i>
PHILIP F. WALKLEY	<i>Assistant Treasurer</i>

General Counsel

SIMPSON, THACHER & BARTLETT
New York

MONTREAL LOCOMOTIVE WORKS, LIMITED

Dominion Express Building,

Montreal, Canada.

Directors

CHARLES C. BALLANTYNE	Montreal, Canada
LEIGH BEST	New York
LEWIS L. CLARKE	New York
JOSEPH DAVIS	New York
*ANDREW J. DAWES	Montreal, Canada
ANDREW FLETCHER	New York
DUNCAN W. FRASER	New York
CHARLES HAYDEN	New York
ALBERT H. WIGGIN	New York
WILLIAM H. WOODIN	New York

Executive Committee

ANDREW FLETCHER

ALBERT H. WIGGIN

CHARLES HAYDEN

JOSEPH DAVIS

LEWIS L. CLARKE

Officers

ANDREW FLETCHER	<i>President</i>
LEIGH BEST	<i>Vice-President</i>
COLUMBUS K. LASSITER	<i>Vice-President, in charge of Manufacturing</i>
JOSEPH DAVIS	<i>Vice-President and Comptroller</i>
JOSEPH B. ENNIS	<i>Vice-President, in charge of Engineering</i>
DUNCAN W. FRASER	<i>Vice-President, in charge of Domestic Sales</i>
CHARLES M. MUCHNIC	<i>Vice-President, in charge of Foreign Sales</i>
W. SPENCER ROBERTSON	<i>Secretary</i>
J. OAKLEY HOBBY, JR.	<i>Treasurer</i>
HARRY FULTON	<i>Assistant Comptroller</i>
JOHN D. FINN	<i>Assistant Secretary</i>
PHILIP F. WALKLEY	<i>Assistant Treasurer</i>

* Died February 11, 1921.

AMERICAN LOCOMOTIVE SALES
CORPORATION

30 Church Street, New York

D i r e c t o r s

ANDREW FLETCHER	New York
CHARLES M. MUCHNIC	New York
LEIGH BEST	New York
JOSEPH DAVIS	New York
J. OAKLEY HOBBY, JR.	New York

O f f i c e r s

ANDREW FLETCHER	<i>President</i>
CHARLES M. MUCHNIC	<i>Vice-President</i>
LEIGH BEST	<i>Vice-President</i>
JOSEPH DAVIS	<i>Vice-President and Comptroller</i>
W. SPENCER ROBERTSON	<i>Secretary</i>
J. OAKLEY HOBBY, JR.	<i>Treasurer</i>
HARRY FULTON	<i>Assistant Comptroller</i>
JOHN D. FINN	<i>Assistant Secretary</i>
PHILIP F. WALKLEY	<i>Assistant Treasurer</i>

Condensed Income Account

Of the American Locomotive Company, Montreal Locomotive Works, Limited, and American Locomotive Sales Corporation—Combined.

	12 months ended December 31, 1920	12 months ended December 31, 1919	Increase	Decrease
Gross earnings	\$66,884,613.18	\$70,073,581.93	.....	\$3,188,968.75
Manufacturing, maintenance and administrative expenses and depreciation	58,043,172.51	58,115,819.50	.....	72,646.99
Gross profit	\$8,841,440.67	\$11,957,762.43	.....	\$3,116,321.76
Interest on bonds of constitu- ent companies, etc.	94,300.77	228,189.02	.....	133,888.25
	\$8,747,139.90	\$11,729,573.41	.....	\$2,982,433.51
Deduct for United States and Canadian income and profits taxes	1,636,013.60	2,235,304.32	.....	599,290.72
Available profit	\$7,111,126.30	\$9,494,269.09	.....	\$2,383,142.79
Dividends on preferred stock	1,750,000.00	1,750,000.00	.....	.....
Dividends on common stock.	1,500,000.00	1,375,000.00	\$125,000.00	.....
	\$3,861,126.30	\$6,369,269.09	.....	\$2,508,142.79
Reserve for additions and betterments	2,000,000.00	4,000,000.00	.....	2,000,000.00
Net credit to Surplus account	\$1,861,126.30	\$2,369,269.09	.....	\$508,142.79

To the Stockholders:

The Board of Directors submits the report of the business of the Company for the calendar year 1920. A summary of the financial results is shown on the opposite page and for comparison the result for the calendar year 1919 is also given.

The gross earnings were \$66,884,613.18, included in which is \$1,684,036.62 income from interest and dividends, and after deducting from the gross earnings \$58,137,473.28 for the cost of manufacturing, maintenance, administrative expenses, interest on bonds of constituent companies and an allowance for depreciation of \$1,326,811.42 on all classes of property there remained a gross profit for the year of \$8,747,139.90 from which has been deducted an allowance of \$1,636,013.60 for estimated United States and Canadian income and profits taxes, the remaining balance of \$7,111,126.30 being the available profit for the year.

The available profit for the calendar year was 10.6 per cent. on gross earnings in comparison with 13.5 per cent. for the calendar year 1919. An amount equal to \$21.45 per share was earned on the common stock of the Company after providing for the regular \$7.00 per share on the preferred stock.

After the payment of the usual seven per cent. dividend, amounting to \$1,750,000 on the preferred stock and \$1,500,000 being six per cent. dividend on the common stock, a total of \$3,250,000 in dividends paid during the year, there remained a surplus of \$3,861,126.30 from which \$2,000,000 was reserved for additions and betterments to the present plants of the company and \$1,861,126.30 was credited to Surplus.

During the calendar year there was expended for permanent additions and betterments to the plants \$2,733,871.06, which has been charged against the reserves that had been created for such purpose.

For the future extension of the Company's business it was decided to obtain property for a plant in the midwest

section of the country and after careful consideration the St. Louis, Missouri, industrial district was decided upon as being a very advantageous location, not only because of the great number of railroads centering there, but also from the fact that it has been estimated that approximately 80% of the materials entering into the manufacture and construction of locomotives and their tenders can now be obtained within a comparatively small radius of miles of that section. The Company therefore negotiated the purchase before the close of the year of approximately 160 acres of land in the St. Louis district for the proposed plant. It is not at present the intention of the Company to proceed with the erection of the plant and building operations will be deferred until general business conditions of the country become more stable.

The unfilled orders for new locomotives, reconditioning of old locomotives and miscellaneous work on December 31, 1920, amounted to \$24,270,702 compared with a total of \$8,999,921 as of December 31, 1919. Of the unfilled orders about 64% is for Domestic Work and 36% is Foreign Business, compared with the unfilled order percentages of December 31, 1919, of about 32% for Domestic and 68% for Foreign Business.

As a part of the report will be found the Consolidated General Balance Sheet of the Company on December 31, 1920, and also for comparison the Balance Sheet of December 31, 1919.

The excess of current assets over current liabilities December 31, 1920, was \$37,318,564.61. There has been included in current liabilities a reserve of \$1,911,537.75 to provide for current shrinkage in value of notes and bills receivable carried as current assets, and for the estimated loss at the prevailing discount on December 31, 1920, which would obtain in converting to United States dollars that part of the net working capital of the Montreal Locomotive Works which is expressed in Canadian dollars on the Balance Sheet of the Montreal Locomotive Company.

The reserve of \$5,970,421.74 in current liabilities set up for accruals for United States and Canadian income and profits taxes, is, we believe, sufficient to provide for any differences in interpretation of the laws by the Internal Revenue Departments of both countries.

The Company has no bills payable outstanding and of the \$8,685,186.20 cash on hand on December 31, 1920, a considerable part of it since the first of the year has been invested in United States Treasury 5 $\frac{3}{4}$ % certificates.

The amount of materials and supplies of inventory account together with work in progress December 31, 1920, was \$14,609,096 in comparison with \$7,170,804.54 as of December 31, 1919. The materials and supplies have been valued at cost or market price whichever was lower.

On March 1, 1920, Mr. Duncan W. Fraser, formerly Managing Director of the Montreal Locomotive Works, was appointed Vice-President of the Company in charge of Sales.

The prospect in the immediate future of orders for equipment of any appreciable volume is not promising. The unsettled general business conditions of the country at this time with the consequent drop in traffic on the Railways, the conditions of railway finances, of labor and of materials are not conducive to any great amount of purchasing on the part of the railroads; however it is a fact that the effective equipment of cars and locomotives of the railroads of the United States has not kept pace the past few years with the natural growth and development of the country.

The certificate for the fiscal year of Messrs. Price, Waterhouse and Company, Accountants, forms part of this report.

For the Directors,

ANDREW FLETCHER,
President.

February 28, 1921.

Consolidated General Balance Sheet

Of the American Locomotive Company, Montreal Locomotive Works, Limited,
and American Locomotive Sales Corporation—Combined

	Dec. 31, 1920	Dec. 31, 1919
ASSETS		
Cost of property (less depreciation reserves)	\$41,379,955.63	\$42,421,288.96
Sundry investments	883,029.74	680,128.74
Current assets—		
Cash on hand and in banks	\$8,685,186.20	\$3,177,671.31
Accounts receivable	13,688,862.45	5,500,391.69
Bills receivable	3,443,749.58	389,199.13
Kingdom of Belgium Five-year 6% gold notes	4,152,750.00	.....
Roumanian Government 7% Notes	1,372,962.00	.....
United States Treasury Certificates . . . . .	.....	25,800,000.00
United Kingdom Three-year 5½% Convertible Gold Notes (due 1922)	980,000.00	980,000.00
United States Liberty Loan bonds . . . . .	.....	4,410,500.00
Canadian Victory Loan 5½% bonds	1,586,250.00	1,574,500.00
Employees subscriptions for United States Liberty Loan bonds (less instalment payments) . . . . .	.....	160,750.50
Employees subscriptions for Canadian Victory Loan bonds (less instalment payments) . . . . .	.....	45,374.00
Accrued interest	259,495.07	283,493.65
Materials and supplies	7,773,965.29	5,873,327.96
Contract work in process	6,835,130.71	1,297,476.58
Locomotives and parts in stock	510,246.17	193,342.26
Total Current assets	\$49,288,597.47	\$49,686,027.08
Sundry deferred charges	480,486.71	388,355.67
	<u>\$92,032,069.55</u>	<u>\$93,175,800.45</u>

Consolidated General Balance Sheet—Continued

LIABILITIES

Capital stock—		
Preferred	Dec. 31, 1920	Dec. 31, 1919
Common	\$25,000,000.00	\$25,000,000.00
	25,000,000.00	25,000,000.00
	<u>\$50,000,000.00</u>	<u>\$50,000,000.00</u>
Bonded debt of constituent companies—		
Locomotive and Machine Company of Montreal, Ltd., due March 1, 1924	\$1,500,000.00	\$1,500,000.00
Richmond Locomotive and Machine Works, due April 1, 1929	432,000.00	432,000.00
Total Bonded debt	<u>\$1,932,000.00</u>	<u>\$1,932,000.00</u>
Current liabilities—		
Accounts payable	\$3,685,261.75	\$1,347,013.66
Excess payments on contracts not finally adjusted	.....	6,510,575.64
Unclaimed interest and dividends	4,819.25	3,319.25
Reserve for United States and Canadian income and profits taxes	5,970,421.74	5,615,960.11
Sundry accrued expenses	397,992.37	523,147.06
Reserve to provide for shrinkage in value of notes and bills receivable and discount on Canadian funds	1,911,537.75	.....
Total Current liabilities	<u>\$11,970,032.86</u>	<u>\$14,000,015.72</u>
Reserves for accident indemnity and miscellaneous items	593,607.30	834,610.58
Reserve for additions and betterments	2,882,058.98	3,615,930.04
Surplus—		
Balance December 31, 1919	\$22,793,244.11	.....
Add—Surplus for year ended December 31, 1920, as shown in condensed income account	1,861,126.30	.....
Surplus carried forward	<u>\$24,654,370.41</u>	<u>\$22,793,244.11</u>
	<u>\$92,032,069.55</u>	<u>\$93,175,800.45</u>

Certificate of Accountants

New York, February 28, 1921.

*To the Stockholders of the
American Locomotive Company:*

We have examined the books of the American Locomotive Company and its subsidiary companies, the Montreal Locomotive Works, Limited, and the American Locomotive Sales Corporation, for the year ending December 31, 1920, and find that the accompanying consolidated balance sheet at that date and the relative income account are correctly prepared therefrom.

The charges during the period to property account and to reserve for additions and betterments represent only actual additions and sufficient provision has been made for accruing renewals and depreciation.

The valuations of the stocks on hand, as shown by inventory certified to by responsible officials, have been valued at not exceeding cost or market price, if the latter was lower, and due allowance has been made for old or inactive stocks. Full provision has been made for bad and doubtful accounts and bills receivable and for all ascertainable liabilities. We have verified the cash and securities by actual inspection or by certificates from the depositaries, and

WE CERTIFY that in our opinion the consolidated balance sheet is properly drawn up so as to show the true financial position of the American Locomotive Company and its subsidiary companies as at December 31, 1920, and that the relative income account is a fair and correct statement of the net earnings for the year ending on that date.

PRICE, WATERHOUSE & COMPANY.

Capitalization

Capital stock authorized and outstanding

Preferred: 250,000 shares @ \$100 each	\$25,000,000
Common: 250,000 shares @ \$100 each	25,000,000
Total, par value	\$50,000,000

Bonded debt

The American Locomotive Company has no funded debt and, under the terms of its certificate of incorporation, is prohibited from mortgaging its property, except by purchase money mortgage, without either the written assent or the affirmative vote in person or by proxy, at a meeting duly called, of the holders of two-thirds of its preferred stock then issued and outstanding.

All of the property controlled by this company is unincumbered, except in the two following instances:

On the Richmond Works:

Richmond Locomotive and Machine Works, Consolidated mortgage gold bonds. Issued April 1, 1889; will mature April 1, 1929. Interest six per cent., payable April 1, and October 1, at 30 Church Street, New York. These bonds contain no tax free covenant

\$432,000

On the Montreal Works:

Locomotive and Machine Company of Montreal, Limited, first mortgage four per cent. gold bonds. Issued March 31, 1904; will mature March 1, 1924. Interest payable March 1, and September 1, at the Royal Trust Company, Montreal, Canada. These bonds contain no tax free covenant

\$1,500,000

J. C. & W. E. POWERS • *Printers*
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